



6450-01-P

DEPARTMENT OF ENERGY

Western Area Power Administration

Pacific Northwest-Pacific Southwest Intertie Project—Rate Order No. WAPA-157

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of Final Transmission Service Rates.

SUMMARY: The Deputy Secretary of Energy confirmed and approved Rate Order No. WAPA-157 and Rate Schedules INT-FT5 and INT-NFT4, placing firm and nonfirm transmission service rates for the Pacific Northwest-Pacific Southwest Intertie Project (Intertie) of the Western Area Power Administration (Western) into effect on an interim basis. The provisional rates will be in effect until the Federal Energy Regulatory Commission (FERC) confirms, approves, and places them into effect on a final basis, or until they are replaced by other rates. The provisional rates will provide sufficient revenue to pay all annual costs, including interest expense, and repay required investment within the allowable periods.

DATES: Rate Schedules INT-FT5 and INT-NFT4 are effective on the first day of the first full billing period beginning on or after May 1, 2013.

FOR FURTHER INFORMATION CONTACT: Mr. Jack Murray, Rates Manager, Desert Southwest Customer Service Regional Office, Western Area Power Administration, P.O. Box 6457, Phoenix, AZ 85005-6457, (602) 605-2442, e-mail jmurray@wapa.gov.

SUPPLEMENTARY INFORMATION: The previous Rate Schedules INT-FT4 and INT-NFT3 for Rate Order No. WAPA-130, were approved by FERC for a 5-year period through

September 30, 2012.¹ These Rate Schedules were extended temporarily through September 30, 2013, under Rate Order No. WAPA-159.² Rate Schedules INT-FT4 and INT-NFT3 are being superseded by Rate Schedules INT-FT5 and INT-NFT4. Under Rate Schedule INT-FT4, the rate for firm point-to-point transmission service is \$15.24 per kilowatt year (kW-year). The provisional rate for firm point-to-point transmission service under Rate Schedule INT-FT5 is \$19.32 /kW-year, which represents an increase of 26.8 percent when compared with the existing rate. Under Rate Schedule INT-NFT3, the rate for nonfirm point-to-point transmission service is 1.74 mills per kilowatt hour (mills/kWh). The provisional rate for nonfirm point-to-point transmission service under Rate Schedule INT-NFT4 is 2.21 mills/kWh, which represents an increase of 27 percent when compared with the existing rate.

By Delegation Order No. 00-037.00, effective December 6, 2001, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to Western's Administrator, (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy, and (3) the authority to confirm, approve, and place into effect on a final basis, to remand, or to disapprove such rates to FERC. Existing Department of Energy procedures for public participation in power rate adjustments (10 CFR part 903) were published on September 18, 1985.

Under Delegation Order Nos. 00-037.00 and 00-001.00D, and in compliance with 10 CFR part 903 and 18 CFR part 300, I hereby confirm, approve, and place Rate Order No. WAPA-157

¹ Rate Order No. WAPA-130 was approved by FERC on a final basis on March 18, 2008, in Docket No. EF08-5191-000 (122 FERC ¶ 62,236).

² Rate Order No. WAPA-159 was approved by the Deputy Secretary of Energy on August 27, 2012 (77 FR 54575; September 5, 2012), and filed with FERC for informational purposes only.

and the proposed rates for transmission service into effect on an interim basis. The new Rate Schedules INT-FT5 and INT-NFT4 will be submitted promptly to FERC for confirmation and approval on a final basis.

Dated: March 27, 2013

Daniel B. Poneman
Deputy Secretary of Energy

**DEPARTMENT OF ENERGY
DEPUTY SECRETARY**

In the matter of:)	
)	
Western Area Power Administration)	
Rate Adjustment for the Pacific Northwest-)	Rate Order No. WAPA-157
Pacific Southwest Intertie Project)	

**ORDER CONFIRMING, APPROVING, AND PLACING THE
PACIFIC NORTHWEST-PACIFIC SOUTHWEST INTERTIE PROJECT
TRANSMISSION SERVICE RATES INTO EFFECT ON AN INTERIM BASIS**

These rates were established in accordance with section 302 of the Department of Energy (DOE) Organization Act (42 U.S.C. 7152). This Act transferred to and vested in the Secretary of Energy the power marketing functions of the Secretary of the Department of the Interior and the Bureau of Reclamation under the Reclamation Act of 1902 (ch. 1093, 32 Stat. 388), as amended and supplemented by subsequent laws, particularly section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)), and other Acts that specifically apply to the project involved.

By Delegation Order No. 00-037.00, effective December 6, 2001, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to Western's Administrator, (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy, and (3) the authority to confirm, approve, and place into effect on a final basis, to remand, or to disapprove such rates to the Federal Energy Regulatory Commission. Existing DOE procedures for public participation in power rate adjustments (10 CFR part 903) were published on September 18, 1985.

Acronyms and Definitions

As used in this Rate Order, the following acronyms and definitions apply:

<u>Administrator:</u>	Administrator for the Western Area Power Administration.
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<u>Balancing Authority (BA):</u>	The responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a designated area, and supports interconnection frequency in real-time.
<u>Capacity:</u>	The electric capability of a transformer, transmission circuit, or other equipment, expressed in kilowatts (kW).
<u>Customer:</u>	An entity with a contract or service agreement that receives service from Western's Desert Southwest Region.
<u>Deficits:</u>	Deferred or unrecovered annual expenses.
<u>DOE:</u>	United States Department of Energy.
<u>DOE Order RA 6120.2:</u>	A DOE order outlining power marketing administration financial reporting and ratemaking procedures.
<u>Desert Southwest Region:</u>	The Desert Southwest Customer Service Region of Western.
<u>FERC:</u>	Federal Energy Regulatory Commission.
<u>Firm:</u>	A type of product and/or service that is available at the time requested by the customer.
<u>FRN:</u>	<i>Federal Register</i> notice.
<u>Intertie:</u>	Pacific Northwest-Pacific Southwest Intertie Project.
<u>Kilovolt (kV):</u>	Electrical unit of measure of potential difference that equals 1,000 volts.
<u>Kilowatt (kW):</u>	Electrical unit of capacity that equals 1,000 watts.
<u>Kilowatt hour (kWh):</u>	Electrical unit of energy that equals 1,000 watts in 1 hour.
<u>Kilowatt month (kW-month):</u>	Electrical unit of the monthly amount of capacity.
<u>Kilowatt year (kW-year):</u>	Electrical unit of the yearly amount of capacity.
<u>Mill:</u>	A monetary denomination of the United States that equals one tenth of a cent or one thousandth of a dollar.
<u>Mills per kilowatt hour (mills/kWh):</u>	A unit of charge.

<u>NEPA:</u>	National Environmental Policy Act of 1969 (42 U.S.C. 4321, <u>et seq.</u>).
<u>Nonfirm:</u>	A type of product and/or service not always available at the time requested by the customer.
<u>Open Access Same Time Information System (OASIS):</u>	An electronic posting system that a service provider maintains for transmission access data that allows all customers to view information simultaneously.
<u>O&M:</u>	Operation and Maintenance.
<u>Power Repayment Study (PRS):</u>	A study used to determine how much revenue is needed to cover annual costs and future repayment obligations.
<u>Proposed Rate:</u>	A rate that has been recommended by Western to the Deputy Secretary of Energy for approval.
<u>Provisional Rate:</u>	A rate that has been confirmed, approved, and placed into effect on an interim basis by the Deputy Secretary of Energy.
<u>PPW:</u>	Purchase Power and Wheeling.
<u>Rate Brochure:</u>	A document prepared for public distribution explaining the rationale and background for the rate proposal contained in this rate order dated June 2012.
<u>Reclamation:</u>	United States Department of Interior, Bureau of Reclamation.
<u>Western:</u>	Western Area Power Administration.

Effective Date

The new provisional rates will take effect on the first day of the first full billing period beginning on or after May 1, 2013, and will remain in effect through April 30, 2018, pending approval by FERC on a final basis.

Public Notice and Comment

Western followed the Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions, 10 CFR part 903, in developing these rates. The steps Western took to involve interested parties in the rate process were:

1. A FRN was published on June 11, 2012, (77 FR 34381) announcing the proposed rates for transmission service, initiating a public consultation and comment period, and setting forth the dates and locations of public information and public comment forums.
2. On June 14, 2012, Western notified all Intertie customers and interested parties of the rate adjustment and provided a copy of the published FRN.
3. On June 28, 2012, Western held a public information forum in Phoenix, Arizona. Western explained the proposed rates and potential changes to the proposed rates, answered questions, and provided rate brochures and presentation handouts.
4. On July 10, 2012, Western held a public comment forum in Phoenix, Arizona, to give the public an opportunity to comment for the record. Four individuals commented at this forum.
5. On August 14, 2012, Western received a data request for information.
6. On August 31, 2012, Western provided the information requested by sending a compact disc containing numerous electronic data files.
7. On September 10, 2012, Western received requests to extend the 90-day consultation and comment period to allow interested parties sufficient time to analyze the information Western distributed on August 31, 2012, and respond accordingly.
8. On September 19, 2012, Western's Acting Administrator extended the consultation and comment period through October 8, 2012.

9. On September 20, 2012, Western notified all Intertie customers and interested parties of the extension and provided a copy of the notice from Western's Acting Administrator.
10. Western received three comment letters during the consultation and comment period. All formally submitted comments have been considered in preparing this Rate Order.
11. Western provided a website for information about this rate adjustment process. The website is located at www.wapa.gov/dsw/pwrmt/Intertie/RateAdjust.htm.

Comments

Representatives of the following organizations made oral comments: Arizona Power Authority, Phoenix, Arizona; Arizona Municipal Power Users' Association, Phoenix, Arizona; K.R. Saline & Associates, Mesa, Arizona; and Irrigation & Electrical Districts Association of Arizona, Phoenix, Arizona.

Written comments were received from the following organizations: Arizona Municipal Power Users' Association, Phoenix, Arizona; Griffith Energy LLC, Houston, Texas; and Irrigation & Electrical Districts Association of Arizona, Phoenix, Arizona.

Project Description

The Intertie was authorized by Section 8 of the Pacific Northwest Power Marketing Act of August 31, 1964 (16 U.S.C. 837g). The basic purpose of the Intertie was to provide, through transmission system interconnections among certain Federal and non-Federal power systems, maximum use of power resources to meet growing demands. This purpose was to be accomplished through the exchange of summer-winter surplus peaking capacity between the northwest and southwest to reduce capital expenditures for new generating capacity; the sale of northwest secondary energy to the southwest; the sale of southwest energy to the northwest to "firm" peaking hydroelectric sources during critical water years; conservation of significant

amounts of fuel through the use of surplus hydroelectric energy; and increased efficiency in the operation of hydroelectric and thermal resources. As authorized, the Intertie was to be a cooperative construction venture by Federal and non-Federal entities, incorporating the capability for alternating current (AC) and direct current (DC) transmission service.

The Lower Colorado Region of Reclamation was assigned construction jurisdiction for:

(i) the Celilo-Mead 750-kV DC transmission line from the Oregon-Nevada border to Mead Substation; (ii) Mead Substation; and (iii) all facilities south of Mead Substation. Several delays in construction funding for the Celilo-Mead 750-kV DC transmission line revised its estimated in-service date to the point that potential users withdrew their interest. This, and the subsequent lack of congressional funding, resulted in the May 1969 indefinite postponement of the Celilo-Mead 750-kV DC transmission line construction. The only facilities constructed were Mead Substation and all facilities south of Mead Substation, which provide AC transmission service. Pursuant to section 302 of the Department of Energy Organization Act (42 U.S.C. 7152), dated August 4, 1977, these Reclamation constructed facilities were transferred to Western.

Western's Desert Southwest Region administers these facilities as a stand-alone transmission project for operational, financial, and repayment purposes. The transmission facilities consist of a 256-mile, 500-kV transmission line from Mead Substation (Nevada) to Perkins Substation (Arizona); a 202-mile, 500-kV transmission line from Mead Substation to Adelanto Switching Substation (California); a 238-mile, 345-kV transmission line from Mead Substation to Liberty Substation (Arizona); a 19-mile, 230-kV transmission line from Liberty Substation to Westwing Substation (Arizona); and a 22-mile, 230-kV transmission line from Westwing Substation to Pinnacle Peak Substation (Arizona).

Existing and Provisional Rates

The existing rates for point-to-point transmission service consist of a firm rate and a nonfirm rate. The current rate for firm point-to-point transmission service under Rate Schedule INT-FT4 is \$15.24 /kW-year. The current rate for nonfirm point-to-point transmission service under Rate Schedule INT-NFT3 is 1.74 mills/kWh. The existing rates under Rate Schedules INT-FT4 and INT-NFT3 expire September 30, 2013.

The provisional rates will supersede the existing rates and become effective on an interim basis on the first day of the first full billing period beginning on or after May 1, 2013. The provisional rate for firm point-to-point transmission service under Rate Schedule INT-FT5 is \$19.32 /kW-year. The provisional rate for nonfirm point-to-point transmission service under Rate Schedule INT-NFT4 is 2.21 mills/kWh. The provisional rates will result in a rate increase of approximately 27 percent when compared to the existing rates. A comparison of the existing and provisional rates for transmission service follows:

COMPARISON OF EXISTING AND PROVISIONAL RATES
PACIFIC NORTHWEST-PACIFIC SOUTHWEST INTERTIE PROJECT

Transmission Service	Existing Rates	Provisional Rates (effective 5/1/13)	Change
Firm Point-to-Point	\$15.24 /kW-year	\$19.32 /kW-year	26.8%
Nonfirm Point-to-Point	1.74 mills/kWh	2.21 mills/kWh	27.0%

Certification of Rates

Western's Acting Administrator certified that the provisional rates for transmission service under Rate Schedules INT-FT5 and INT-NFT4 are the lowest possible rates consistent with

sound business principles. The provisional rates were developed following administrative policies and applicable laws.

Transmission Rate Discussion

According to Reclamation Law, Western must establish rates sufficient to recover annual O&M, purchase power, transmission service and other costs, interest expense, and repay investments. Western prepares a PRS each fiscal year to determine if the existing rates will provide adequate revenues to repay all power system costs within the required time. Repayment criteria are based on existing law and applicable policies, including DOE Order RA 6120.2. To meet the cost recovery criteria outlined in DOE Order RA 6120.2, a PRS using the provisional rates has been developed to demonstrate that sufficient revenues will be available to meet future obligations.

The existing rates are insufficient and do not provide adequate revenues to cover costs. The revenue deficiency is a result of lower-than-projected sales of transmission service. The existing rates were based on projected sales of 500-kV transmission service increasing each year during the 5-year cost evaluation period. The actual demand for transmission capacity was significantly less than expected and the projected sales did not materialize. As a result, the revenue derived from the sales of 500-kV transmission service over the 5-year cost evaluation period has been considerably lower than planned. The provisional rates include a notable reduction in the sales forecast for 500-kV transmission service over the next 5-year cost evaluation period, which is the primary factor that led to the rate increase.

A secondary factor of the rate increase is that when the existing rates were established, purchase power was handled separately for each power system and the Intertie, being a stand-alone transmission project, had no purchase power costs to recover. Since then, Western's BA

for the Desert Southwest Region has initiated power purchases for reliability purposes and the associated costs are allocated to all of the applicable transmission projects within the BA, including the Intertie. These annual purchase power costs are subject to recovery and have been included in the provisional rates.

Another factor impacting the rate increase is the requirement to pay off maturing debt associated with the original project. In 1970, a major element of the original project was placed into commercial service, which initiated the repayment cycle. This debt of \$28.4 million must be paid by 2020, which is the last year this investment is allowed to remain unpaid. Principal payments for this debt have been included in the provisional rates.

Statement of Revenue and Related Expenses

The following table provides a summary of projected revenue and expense data for the provisional rates through the 5-year approval period.

INTERTIE TRANSMISSION RATES COMPARISON OF 5-YEAR APPROVAL PERIOD TOTAL REVENUES AND EXPENSES

	Existing Rates (\$000)	Provisional Rates (\$000)	Difference (\$000)
Total Revenues	\$172,149	\$187,873	\$15,724
Revenue Distribution			
Expenses:			
O&M	34,337	38,090	3,753
Purchase Power	0	3,700	3,700
Transmission Service & Other	9,232	8,411	(821)
Interest	91,105	92,206	1,101
Total Expenses	134,674	142,407	7,733
Principal Payments:			

Capitalized Deficits	34,188	30,092	(4,096)
Original Project and Additions	3,177	15,019	11,842
Replacements	110	355	245
Total Principal Payments	37,475	45,466	7,991
Total Revenue Distribution	172,149	187,873	15,724

Comments

The comments and responses regarding the proposed rates, paraphrased for brevity when not affecting the meaning of the statement(s), are discussed below. Direct quotes from comment letters are used for clarification where necessary.

Comment: Western should either suspend or terminate the rate adjustment until the next fiscal year since the existing rates have been extended until September 30, 2013.

Response: The existing rates do not provide sufficient revenue to cover all annual costs and repay outstanding debt within the allowable time frame. Since the existing rates were set to expire on September 30, 2012, a temporary extension was requested so that Western could have additional time to complete the rate adjustment process. The proposed rates will supersede the existing rates when approved.

Comment: Customers wish to continue a dialogue with Western over certain costs that have been included in the proposed rates.

Response: These costs are associated with the PPW program for Western's BA in the Desert Southwest Region. Western is committed to working with its customers to ensure the allocation of purchase power costs is appropriate. An internal team is being formed to examine all aspects of the PPW program, including required reserves, and will work collaboratively with customers as additional information becomes available.

Comment: Western should consider phasing in the proposed rate increase over two or more years to lessen the negative impact on its customers. Western should develop lower rates as an alternative to its proposed rates.

Response: The proposed rates will provide adequate revenue to cover debt payments that must be made by 2020. It would not be financially prudent to delay the proposed rate increase. Such action would only shorten the period of time available to accumulate sufficient revenue and result in substantial rate increases until the outstanding debt is paid.

Comment: Western should extend the 90-day consultation and comment period to allow sufficient time to review and comment on the information provided in the data request response dated August 31, 2012.

Response: Western's Acting Administrator extended the consultation and comment period from September 10, 2012, to October 8, 2012. A copy of the notice of extension was sent to all Intertie customers and interested parties on September 20, 2012, and posted to Western's website at www.wapa.gov/dsw/pwrmt/Intertie/RateAdjust.htm and to Western's OASIS at [www.oatioasis.com /WALC/index.html](http://www.oatioasis.com/WALC/index.html).

Comment: Western should make available to all customers and interested parties the information provided in a data request response dated August 31, 2012.

Response: Concur. The information provided consisted of numerous electronic data files that were originally sent on a compact disc. Western posted a copy of these files to its website at www.wapa.gov/dsw/pwrmt/Intertie/RateAdjust.htm on September 20, 2012.

Comment: Do the proposed rates include capitalized costs from the use of prepayments?

Response: The proposed rates do not include any construction projects that have been funded via prepayments. In addition, none of the customer approved construction projects for prepayment funding involve Intertie transmission facilities.

Comment: Has Western's Operations Consolidation Project or Balancing Authority Consolidation resulted in any cost increases that are included in the proposed rates?

Response: The proposed rates do not include any cost increases associated with these consolidation activities and efforts. The factors leading to the proposed rate increase are the continual shortfall in sales of 500-kV transmission service, inclusion of purchased power costs, and the required debt payments that must be made by FY 2020.

Comment: Does Western's BA in the Rocky Mountain Region have any cost impact on the proposed rates?

Response: The proposed rates only include costs associated with Western's BA in the Desert Southwest Region.

Comment: The proposed rate increase will cause prices for energy delivered by customers using the Intertie to become uncompetitive with other competing energy suppliers.

Response: Western acknowledges that the proposed rates represent a significant increase for the Intertie customers. However, Western is required to establish rates that are sufficient to recover annual costs and repay investments to satisfy the cost recovery criteria outlined in DOE Order RA 6120.2. The proposed rates are cost-based and do not include a rate of return on capital investment. Western will continue to explore methods to control costs and maintain stable transmission service rates.

Availability of Information

All brochures, studies, comments, letters, memorandums, and other documents that Western used to develop the provisional rates are available for inspection and copying at the Desert Southwest Customer Service Regional Office, Western Area Power Administration, 615 South 43rd Avenue, Phoenix, AZ 85009-5313. Many of these documents and supporting information are available on Western's website at www.wapa.gov/dsw/pwrnkt/Intertie/RateAdjust.htm.

Ratemaking Procedure Requirements

Environmental Compliance

In compliance with the NEPA of 1969 (42 U.S.C. 4321, et seq.); Council on Environmental Quality Regulations for implementing NEPA (40 CFR parts 1500-1508); and DOE NEPA Implementing Procedures and Guidelines (10 CFR part 1021), Western has determined that this action is categorically excluded from preparing an environmental assessment or an environmental impact statement.

Determination under Executive Order 12866

Western has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by the Office of Management and Budget is required.

Submission to the Federal Energy Regulatory Commission

The provisional interim rates herein confirmed, approved, and placed into effect, together with supporting documents, will be submitted to FERC for confirmation and final approval.

ORDER

In view of the foregoing and under the authority delegated to me, I confirm and approve on an interim basis, effective May 1, 2013, Rate Schedules INT-FT5 and INT-NFT4 for the Pacific Northwest-Pacific Southwest Intertie Project of the Western Area Power Administration. The rate schedules shall remain in effect on an interim basis pending FERC's confirmation and approval of them or substitute rates on a final basis through April 30, 2018.

Dated: March 27, 2013

Daniel B. Poneman
Deputy Secretary of Energy

CERTIFICATION OF RATES

WESTERN AREA POWER ADMINISTRATION

DESERT SOUTHWEST CUSTOMER SERVICE REGION

I certify that the rates under Rate Schedules INT-FT5 and INT-NFT4 for the Pacific Northwest-Pacific Southwest Intertie Project were developed following administrative policies and applicable laws and the rates are the lowest possible, consistent with sound business principles.

Dated: February 13, 2013

Anita J. Decker
Acting Administrator

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
DESERT SOUTHWEST REGION
Pacific Northwest-Pacific Southwest Intertie Project**

**LONG-TERM AND SHORT-TERM FIRM POINT-TO-POINT
TRANSMISSION SERVICE**

Effective:

The first day of the first full billing period beginning on or after May 1, 2013, and will remain in effect through April 30, 2018, or until superseded by another rate schedule.

Applicable:

To firm point-to-point transmission service customers where capacity and energy are supplied to the Pacific Northwest-Pacific Southwest Intertie Project (Intertie) transmission system at points of interconnection with other systems and transmitted and delivered, less losses, to points of delivery on the Intertie transmission system.

Long-Term Rate:

For transmission service of one year or longer, the rate is \$19.32 for each kilowatt (kW) per year, payable monthly at the rate of \$1.61 for each kW per month.

Short-Term Rates:

For transmission service up to one year, the maximum rate for each kW is as follows:

Monthly: \$1.61
Weekly: \$0.3715
Daily: \$0.0529
Hourly: 2.21 mills

Rate Schedule INT-FT5
(Supersedes Rate Schedule INT-FT4)

Discounts may be offered from time-to-time in accordance with Western's Open Access Transmission Tariff (OATT).

Billing:

Western will bill firm point-to-point transmission service customers monthly by applying the rates listed above to the amount of capacity reserved. Payment for long-term transmission service will be required one month in advance of said service.

Character and Conditions of Service:

Alternating current at 60 hertz, three-phase, delivered and metered at the voltages and points of delivery established by the service agreement or contract.

Adjustments for Reactive Power:

There shall be no entitlement to transfer of reactive kilovolt-amperes at delivery points, except when such transfers may be mutually agreed upon by the customer and Western or their authorized representatives.

Adjustments for Losses:

Capacity and energy losses incurred in connection with the transmission and delivery of capacity and energy under this rate schedule shall be supplied by the customer in accordance with the service agreement or contract. If losses are not fully provided by a customer, charges for financial compensation may apply.

Unreserved Use:

Western will assess a charge for any unreserved use of the transmission system. Unreserved use occurs when a customer uses transmission service that it has not reserved or uses

Rate Schedule INT-FT5
(Supersedes Rate Schedule INT-FT4)

transmission service in excess of its reserved capacity. Unreserved use may also include a customer's failure to curtail transmission when requested.

The charge for unreserved use is two times the maximum allowable rate for the service at issue, assessed as follows: The penalty for a single hour of unreserved use is based on the daily short-term rate. The penalty for more than one assessment of unreserved use for any given duration (e.g., daily) increases to next longest duration (e.g., weekly). The penalty for multiple instances of unreserved use (e.g., more than one hour) within a day is based on the daily short-term rate. The penalty for multiple instances of unreserved use isolated to one calendar week is based on the weekly short-term rate. The penalty for multiple instances of unreserved use during more than one week in a calendar month is based on the monthly short-term rate.

A customer that exceeds its reserved capacity at any point of receipt or point of delivery, or a customer that uses transmission service at a point of receipt or point of delivery that it has not reserved, is required to pay for all ancillary services that were provided by the Western Area Lower Colorado (WALC) Balancing Authority and associated with the unreserved use. The customer will pay for ancillary services based on the amount of transmission service used and not reserved.

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
DESERT SOUTHWEST REGION
Pacific Northwest-Pacific Southwest Intertie Project
NONFIRM TRANSMISSION SERVICE**

Effective:

The first day of the first full billing period beginning on or after May 1, 2013, and will remain in effect through April 30, 2018, or until superseded by another rate schedule.

Applicable:

To nonfirm transmission service customers where capacity and energy are supplied to the Northwest-Pacific Southwest Intertie Project (Intertie) transmission system at points of interconnection with other systems and transmitted and delivered, less losses, to points of delivery on the Intertie transmission system.

Rate:

The nonfirm transmission service rate is 2.21 mills for each kilowatt per hour. Discounts may be offered from time-to-time in accordance with Western's Open Access Transmission Tariff (OATT).

Billing:

Western will bill nonfirm transmission service customers monthly by applying the rate listed above to the amount of capacity reserved.

Character and Conditions of Service:

Alternating current at 60 hertz, three-phase, interruptible, delivered and metered at the voltages and points of delivery established by service agreement or in advance by Western. Curtailment conditions shall be determined by Western and in accordance with Western's OATT.

Adjustments for Reactive Power:

There shall be no entitlement to transfer of reactive kilovolt amperes at delivery points, except when such transfers may be mutually agreed upon by the customer and Western or their authorized representatives.

Adjustment for Losses:

Capacity and energy losses incurred in connection with the transmission and delivery of capacity and energy under this rate schedule shall be supplied by the customer in accordance with the service agreement or contract. If losses are not fully provided by a customer, charges for financial compensation may apply.

Unreserved Use:

Western will assess a charge for any unreserved use of the transmission system. Unreserved use occurs when a customer uses transmission service that it has not reserved or uses transmission service in excess of its reserved capacity. Unreserved use may also include a customer's failure to curtail transmission when requested.

Rate Schedule INT-NFT4
(Supersedes Rate Schedule INT-NFT3)

The charge for unreserved use is two times the maximum allowable rate for the service at issue, assessed as follows: The penalty for a single hour of unreserved use is based on the daily short-term rate. The penalty for more than one assessment of unreserved use for any given duration (e.g., daily) increases to next longest duration (e.g., weekly). The penalty for multiple instances of unreserved use (e.g., more than one hour) within a day is based on the daily short-term rate. The penalty for multiple instances of unreserved use isolated to one calendar week is based on the weekly short-term rate. The penalty for multiple instances of unreserved use during more than one week in a calendar month is based on the monthly short-term rate.

A customer that exceeds its reserved capacity at any point of receipt or point of delivery, or a customer that uses transmission service at a point of receipt or point of delivery that it has not reserved, is required to pay for all ancillary services that were provided by the Western Area Lower Colorado (WALC) Balancing Authority and associated with the unreserved use. The customer will pay for ancillary services based on the amount of transmission service used and not reserved.

[FR Doc. 2013-07618 Filed 04/01/2013 at 8:45 am; Publication Date: 04/02/2013]